

EXHIBIT C

Board Fitness Standards

Attach as Exhibit C, a narrative that sets forth the fitness standards for the Board of Directors and its composition including the number and percentage of public directors.

1. Eligibility for Membership on the Board

The Applicant requires each director to meet the eligibility criteria set forth in Rule 204. As discussed more fully below, the Nominating Committee is tasked with recommending individuals who satisfy criteria as provided in the Nominating Committee Charter. Candidates for Board membership will be responsible for providing resumes, professional biographies or other materials requested by the Nominating Committee or the Board.

Rule 204 establishes the eligibility and fitness requirements for board members. The rule provides:

- (a) An individual may not serve as a Board member, or serve on a committee established by the Board, a Hearing Panel or a Board of Appeals, or hold a 10% or more ownership interest in the Exchange, if the individual:
 - (i) within the prior three (3) years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization, to have committed a disciplinary offense;
 - (ii) within the prior three (3) years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged, included a disciplinary offense;
 - (iii) is currently suspended from trading on a Contract Market, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence or probation, or owes any portion of a fine or penalty related to either: (A) a finding of a disciplinary offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any self-regulatory organization; or (B) a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;
 - (iv) is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;
 - (v) is currently, or within the past three (3) years has been, subject to a revocation or suspension of registration by the CFTC;
 - (vi) has been convicted of a felony listed in Section 8a(2)(D)(ii) through (iv) of the CEA; or

- (vii) is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or
- (viii) is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.
- (ix) For purposes of this Rule 204, the terms “disciplinary offense,” “final decision” and “settlement agreement” have the meaning given those terms in CFTC Regulation 1.63(a).

2. **Public Director Qualifications**

Rule 202 sets forth the standards a director must satisfy to be a “public director” as such term is used by the Commission in Appendix B to Part 38 (“**Public Directors**”). The rule provides:

To qualify as a Public Director, an individual must be found, by action of the Board, to have no material relationship with the Exchange. The Board must make such finding upon the nomination or appointment of the Director and as often as necessary in light of all circumstances relevant to such Director, but in no case less than annually. A “material relationship” is one that reasonably could affect the independent judgment or decision-making of the Director. The Board need not consider previous service as a Director of the Exchange to constitute a “material relationship.” A Director shall be considered to have a “material relationship” with the Exchange if any of the following circumstances exist or have existed within the past year:

- (i) such Director is or was an Officer or an employee of the Exchange, or an officer or an employee of an Affiliate of the Exchange;
- (ii) such Director is or was a Participant or material Owner of the Exchange;
- (iii) such Director is or was a director, an officer, or an employee of a Participant or Owner of the Exchange;
- (iv) such Director is or was an officer of another entity, which entity has a compensation committee (or similar body) on which any Officer of the Exchange serves;
- (v) such Director, or an entity with which the Director is a partner, an officer, an employee, or a director, receives or has received more than \$100,000 in combined annual payments for legal, accounting, or consulting services from the Exchange or its Affiliate, any Participant, or any Affiliate of such Participant. Compensation for services as a Director of the Exchange or as a director of an Affiliate thereof does not count toward the \$100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a Director, so long as such compensation is in no way contingent, conditioned, or

revocable; or,

- (vi) in the case of a Public director that is a member of the Regulatory Oversight Committee or the Exchange Participant Committee, such Public Director accepts or has accepted, directly or indirectly, any consulting, advisory, or other compensatory fee from the Exchange or its Affiliate or any Participant or any Affiliate of such Participant, other than deferred compensation for service rendered prior to becoming a member of the Regulatory Oversight Committee or the Exchange Participant Committee, provided that such compensation is in no way contingent, conditioned, or revocable.
- (vii) Any of the “material relationships” set forth above apply to the “immediate family” of such director, *i.e.*, spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the director or that of his or her immediate family.

3. Board Committees

The Board will have three following standing committees: the Nominating Committee, the Exchange Participant Committee, and the Regulatory Oversight Committee, each with the roles and responsibilities set out below.

1. Nominating Committee. The Nominating Committee of the Board shall consist of at least 51 percent Public Directors. The Nominating Committee reports to the Board and shall be chaired by a Public Director. The Nominating Committee shall be responsible for (i) identifying individuals qualified to serve on the Board, consistent with the criteria that the Board require and any composition requirement that the Commission promulgates; and (ii) administering a process for the nomination of individuals to the Board. The Nominating Committee’s Charter is attached as Exhibit C-1.
2. Regulatory Oversight Committee. The Regulatory Oversight Committee of the Board shall report to the Board and consist of 100 percent Public Directors. The Regulatory Oversight Committee shall oversee the Applicant’s regulatory program on behalf of the Board with the authority to (i) monitor the regulatory program of the Applicant for sufficiency, effectiveness, and independence and (ii) oversee all facets of the regulatory program. The Regulatory Oversight Committee’s Charter is attached as Exhibit C-2.
3. Participant Committee. The Exchange Participant Committee of the Board reports to the Board and shall consist of at least 35 percent Public Directors. The Exchange Participant Committee is responsible for (i) determining the standards and requirements for initial and continuing Participant eligibility, (ii) reviewing appeals of staff denials of Participant applications, and (iii) approving Rules that would result in different categories or classes of Participants receiving disparate access to the Applicant. The Exchange

Participant Committee shall not, and shall not permit the Applicant to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly-situated categories or classes of Participants. The Exchange Participant Committee's Charter is attached as Exhibit C-3.

4. Composition of the Board

The Board is composed of five members, two of which are Public Directors. As a result, the percentage of Public Directors is 40 percent.

Summary of Board of Directors and Committee Composition

Name	Company	Public Director Status	Regulatory Oversight Committee	Participant Committee	Nominating Committee
Luke Hoersten	Bitnomial Exchange, LLC	Non-Public		√	√
Tom Anderson	Bitnomial Exchange, LLC	Public	√	√	√
Peter Nabicht	Bitnomial Exchange, LLC	Public	√	√	√